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QUOTE

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USOECD

E.O. 11652: N/A
TAGS: EAID, NL
SUBJECT: ANNUAL DAC REVIEW OF DUTCH AID PROGRAM, JANUARY 24

REF: A) PARIS 769, B) 77 THE HAGUE 5747, C) 77 THE HAGUE A-138

1. SUMMARY: THE MORE CONSERVATIVE CHARACTER OF THE NEW GOVERNMENT (RELATIVE TO THE SOCIALIST-LED DEN UYL CABINET) AND THE DEPARTURE OF THE MESSIANIC JAN PRONK SHOULD HAVE A TEMPERING EFFECT ON THE RHETORIC OF DUTCH DEVELOPMENT ASSISTANCE POLICY. THE DUTCH WILL CONTINUE TO PLAY A LEADING ROLE IN DEVELOPMENT, BUT THERE WILL BE PRESSURE FOR A MORE PRAGMATIC, LESS IDEOLOGICAL APPROACH. THE DAC REVIEW WOULD BE A GOOD
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OPPORTUNITY TO IDENTIFY ISSUES WHERE U.S. MIGHT SEEK CLOSER COOPERATION AND AGREE WITH DUTCH. END SUMMARY.

2. AN ERA IN DUTCH DEVELOPMENT ASSISTANCE POLICY ENDED LAST MONTH WHEN JAN PRONK LEFT THE CABINET FOR THE SECOND CHAMBER, HIS SOCIALIST (PVDA) PARTY NOW IN OPPOSITION. DURING HIS FIVE YEARS AS DEVELOPMENT COOPERATION MINISTER, PRONK'S FLAMBOYANT

STYLE AND LEFTIST IDEALISM PROCURED IMPRESSIVE OUTLAYS FROM THE DUTCH TREASURY, BUT TENDED TO INFLAME THE ALREADY HEATED DEBATE IN INTERNATIONAL FORUMS. HIS SUCCESSOR, CHRISTIAN DEMOCRAT (CDA) CHRIS DE KONING, SEEMS LESS LIKELY TO RUN A ONE-MAN SHOW AND WILL BE DEALING WITH THE (RIGHTIST) LIBERAL PARTY AS WELL AS CONSERVATIVE ELEMENTS WITHIN HIS OWN PARTY. THE RHETORIC, IF NOT THE SUBSTANCE, OF DUTCH POLICY SHOULD MODERATE AS A RESULT.

3. PRIME MINISTER VAN AGT HAS MADE IT CLEAR THAT THE NEW GOVERNMENT WILL NOT DO LESS THAN THE OLD IN TOTAL AMOUNTS OF AID. HE PROMISED IN HIS FIRST COMPREHENSIVE POLICY STATEMENT OF JANUARY 16 THAT DEVELOPMENT ASSISTANCE SPENDING WOULD BE AT LEAST AS HIGH AS THE LEVEL SUPPORTED BY THE LAST GOVERNMENT 1.5 PERCENT OF NET NATIONAL INCOME. HE HINTED AT A CONSERVATIVE SHIFT, HOWEVER, BY HIS EMPHASIS ON MORE COOPERATION WITH TRADE AND INDUSTRY. PRONK HAD SPOKEN OF SUCH COOPERATION BUT HIS ADMINISTRATION WAS NOT NOTED FOR IT. VAN AGT ALSO SUGGESTED THAT MORE AID WILL BE TARGETED TO COUNTRIES WHICH HAVE A "SPECIAL RELATIONSHIP" WITH THE NETHERLANDS (I.E., INDONESIA AND SURINAM). PRONK WAS UNDER PRESSURE FROM HIS PARTY TO CUT AID TO INDONESIA ON HUMAN RIGHTS AND IDEOLOGICAL GROUNDS. HE PROMISED A STUDY EVALUATING THE SITUATION BUT THE FALL OF THE DEN UYL CABINET INTERVENED. THEREFORE, AID TO INDONESIA WAS NOT DISTURBED.

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4. UNDER DE KONING, THE CONCEPTS OF "DIRECT AID" AND "POOR-TARGETED AID" MAY LOSE SOME IMPORTANCE. THE CONSERVATIVES IN THE GOVERNMENT WILL BE WARY OF PROGRAMS WHICH MIGHT BE CONSTRUED AS INTERFERENCE IN THE INTERNAL AFFAIRS OF DEVELOPING COUNTRIES, AND WILL BE MORE IMPRESSED BY LONG-TERM PRODUCTIVITY PROJECTS THAN BY "GIVE-AWAYS."

5. DEVELOPMENT LOANS ARE LESS LIKELY TO BE PHASED OUT. THE DUTCH ARE EXPERIMENTING WITH TYING THESE LOANS TO PROMISES TO BUY DUTCH PRODUCTS, A SCHEME LAUDED BY THE BUSINESS-ORIENTED LIBERALS. THE NETHERLANDS WILL CONTINUE TO BE GENEROUS IN GRANTING DEBT RELIEF (REFS B AND C), BUT WILL PROBABLY SCRUTINIZE EACH CASE MORE THOROUGHLY.

6. THE PROGRAM TO RESTRUCTURE THE DUTCH ECONOMY TO IMPROVE THE EXPORT POSITIONS OF THIRD WORLD COUNTRIES MAY BE PLACED ON A BACK BURNER. MANY OF THE PROGRAM'S ORIGINAL SUPPORTERS CONSIDER IT A FAILURE. THE LIBERALS SUPPORT CLOSER COOPERATION WITH THE EEC ON DEVELOPMENT MATTERS, SOMETHING WHICH PRONK RESISTED, AND FEEL THAT THE RESTRUCTURING PROGRAM IS INAPPROPRIATE IN THIS CONTEXT.

7. DE KONING WILL PROBABLY SUPPORT THE UNCTAD COMMON FUND, BUT WILL BE LESS IMPATIENT THAN HIS PREDECESSOR. THE DUTCH POSITION COULD MOVE CLOSER TO OUR OWN ON THIS ISSUE.

8. THE NEW GOVERNMENT IS RESTING ON SHAKY GROUND. A LARGE PERCENTAGE OF THE POPULATION, AND MOST OF THE INFORMATION MEDIA, FEEL THAT THE DUTCH VOTED TO RETURN THE SOCIALISTS TO POWER AND WERE CHEATED WHEN THE CHRISTIAN DEMOCRATS THREW IN WITH THE LIBERALS. DE KONING WILL THUS HAVE TO TREAD SOFTLY AND SLOWLY IN ALTERING THE CHARACTER OF PRONK'S POLICIES. WAITING IN THE WINGS WILL BE THE SOCIALISTS, WHO PROMISE TO BE STRONG IN OPPOSITION AND ANXIOUS TO RETURN TO POWER, THOUGH THEY KNOW THEY CAN ONLY DO SO IN COALITION WITH THE CDA.

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9. THE DUTCH COMMITMENT GOES FAR BEYOND RECENT POLICIES; IT RESTS ON CENTURIES OF RELIGIOUS AND SOCIAL TRADITIONS. HOWEVER POLICIES MODIFY UNDER THE VAN AGT CABINET, THE DUTCH WILL CONTINUE TO SPEAK AS THE CONSCIENCE OF THE WEST ON THIRD WORLD ISSUES.

10. SPECIFIC RECOMMENDATIONS: AGAINST THE BACKGROUND OF THE NEW DUTCH GOVERNMENT, WHICH IS JUST GETTING ITS FEET ON THE GROUND, WE SHOULD SUGGEST THAT THE MOST INTERESTING REVIEW QUESTIONS MIGHT BE PHRASED IN TERMS OF FUTURE PROSPECTS FOR DUTCH AID IN LIGHT OF THE NEW GOVERNMENT'S POLICY PRONOUNCEMENTS AS CITED IN PARAGRAPH 3, WITH PERHAPS SOME PROBING ON FUTURE DEBT FORGIVENESS (PARAGRAPH 5) AND THE SLOW-MOVING PROGRAM TO RESTRUCTURE THE DUTCH ECONOMY TO ACCOMMODATE LDC IMPORTS (PARAGRAPH 6).

11. WE WOULD APPRECIATE USOECD'S IMPRESSION OF NEW DIRECTIONS IN DUTCH DEVELOPMENT ASSISTANCE POLICY, PARTICULARLY REGARDING AREAS WHERE WE MIGHT NOW SEEK CLOSER COOPERATION.

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